LAW FOUNDATION OF NOVA SCOTIA ANNUAL REPORT

2016 - 2017

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LAW FOUNDATION OF NOVA SCOTIA ANNUAL REPORT

The Law Foundation of Nova Scotia was established in 1976 by amendment to the Barristers and Solicitors Act (now The Legal Profession Act). Its central purpose is to receive and distribute interest earned on lawyers' pooled trust accounts in accordance with its mandate. It is the only foundation in Nova Scotia devoted solely to community law-related initiatives and legal education.

The objects of the Law Foundation are "to establish and maintain a fund to be used for the examination, research, revision and reform of and public access to the law, legal education, the administration of justice in the Province and other purposes incidental or conducive to or consequential upon the attainment of any such objects."

The Foundation is administered by a board of up to nine members. The Governor in Council appoints up to five members. The Nova Scotia Barristers' Society appoints four. The members of the board in 2016 – 2017 were:

APPOINTED BY THE GOVERNOR IN COUNCIL:

Steve Graham

George W. Hudson, TREASURER

Valerie MacKenzie

Kent Noseworthy

M. Estelle Theriault, Q.C., VICE-CHAIR

APPOINTED BY THE COUNCIL OF THE NOVA SCOTIA BARRISTERS' SOCIETY:

Robert G. MacKeigan, Q.C., CHAIR

Margaret M. MacKenzie, SECRETARY

Dwight Rudderham, Q.C.

Douglas R. Ruck, Q.C.

The Governor in Council appoints the chair from the members of the board, upon the joint recommendation of the Attorney General and the Nova Scotia Barristers' Society.

The board meets 3 – 4 times per year and reviews grant applications at its winter meeting.

During 2016 – 2017, the Foundation employed three part-time staff members:

Kerry Oliver	Executive Director
Kathy Samson	Executive Assistant
Maria Franks	Special Projects Coordinator

Visit *nslawfd.ca* for more information on the Law Foundation of Nova Scotia.

CHAIR'S MESSAGE

The Law Foundation approved seventeen grants totalling $798,529 during the fiscal year, to be disbursed during the fiscal year April 1, 2017 – March 31, 2018, a reduction from the twenty grants totaling $995,383 approved during the previous fiscal year. While it is disheartening to reduce and eliminate grants, the Foundation ended the year with optimism and a strong vision for the future, the result of aligning our priorities with revenue challenges and extensively researching how to make the best use of the funds entrusted to us.

GRANTS REVIEW AND FUTURE DIRECTIONS

Getting to this point has taken a lot of effort. Last year, I wrote about the Foundation's intention to undertake a review of the grants program to assess whether it continued to meet the needs of the community. The plan was to engage our grantees in this process to ensure we had a mutual understanding of their needs as well as the Foundation's financial realities. We also planned to meet with others in the justice system to gather information on unmet legal needs and priorities to help the board evaluate the current distribution of funds and provide a roadmap for the future. I am pleased to report that we have accomplished all of this.

The Foundation's work has culminated in a *Grants Review and Future Directions Report* that confirms first and foremost that the Foundation's current grantees are doing valuable work in meeting the legal needs of individuals who face barriers to accessing justice. It also confirms that our findings mirror those in the Report of the Access Committee on Access to Justice in Civil and Family Matters under the leadership of the Honourable Thomas A. Cromwell (Ottawa, Canada, October 2013).

These findings are encouraging, but the ***Report*** has much more to offer – it identifies areas for improvement and solutions recommended by the many individuals and groups we interviewed. We have taken all of this material and distilled it into several key recommendations for continuing program and project grants that will provide us with an informed and strategic plan for moving forward. We will continue to concentrate on supporting services that address the legal needs of vulnerable Nova Scotians, but we will also focus specifically on barriers to access, unmet needs and priorities that were repeatedly identified during our research. The list includes the cost of legal services, rural access, cultural competency, family law information, self-represented litigants, and the need for pro bono and alternate dispute resolution services. The ***Report*** will also help us to identify new projects should our revenues improve in the future. We have made great progress towards directing and sustaining the Foundation's grants program for years to come.

REVENUE AND GRANTS

None of this work would be possible without the revenue we receive from the interest earned on lawyers' pooled trust accounts. Interest is remitted to the Foundation by financial institutions in the province in accordance with negotiated agreements that are tied to the prime rate of interest. The prime rate and the balances in lawyers' accounts are therefore crucial to each year's total revenue. For the year ended March 31, 2017, the Foundation received $703,059 in regular monthly interest payments compared to $766,388 for the year ended March 31, 2016.

Lower revenue once again had an impact on grants – the board made the difficult decision to eliminate three grants and reduce most of the remaining grants by 15%. Making these decisions is never easy, but this year we found it enormously helpful to make our decisions with reference to the findings in the ***Grants Review and Future Directions Report***. As in previous years, the Foundation found it necessary to withdraw funds from its reserve to supplement interest revenue received from trust accounts.

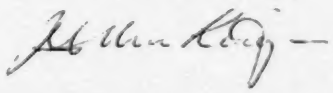
MAXIMIZING REVENUE

It is a challenge to ensure that the Foundation is receiving all interest owing from trust accounts, but we have made significant progress ensuring that all pooled accounts are remitting. This involves regularly monitoring remittances from the financial institutions and working with lawyers and firms to ensure compliance on their end. We are also pleased to report that discussions with the Nova Scotia Barristers' Society have resulted in amendments to the Annual Trust Account Reporting Form that will enable the Foundation to ensure the accuracy of the information it receives each month from financial institutions. The importance of this work cannot be overstated – since 2014, we have recovered $210,586 in retroactive interest owing on trust accounts that were not included on monthly bank remittance reports. Of this recovery, we have received $151,454 in the past year.

THANKS AND TRANSITIONS

We are fortunate to have a group of dedicated board members who volunteer countless hours to the work of the Foundation. This past year in particular has been challenging but also rewarding and productive, and we are looking forward to the future with renewed vigour and purpose.

I want to take this opportunity to thank the staff of the Foundation: Kerry Oliver, who has retired after almost 16 years as executive director, Kathy Samson and Maria Franks. I am also pleased to announce and welcome Mary Hamblin as the Foundation's executive director effective April 1, 2017.



Robert G. MacKeigan, Q.C., Chair

REVENUE

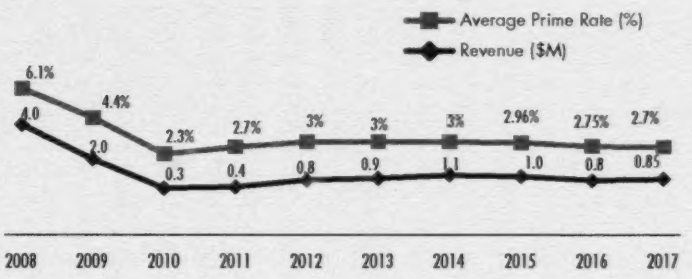
The Foundation's main source of revenue is interest earned on lawyers' pooled and Service Nova Scotia trust accounts in the province. Revenue fluctuates with the balances in the trust accounts and with the prime rate of interest. Financial institutions remit interest based upon "prime – X" formulas negotiated with each law foundation in Canada; changes in the prime rate can produce dramatic results. The Foundation experienced highs and lows between 2008 and 2010, seeing trust account revenue top the $4 million mark and then drop to $331,560. Revenue remained steady at about $1 million for the next 3 years but that changed in 2015 – 2016. After holding the target for the overnight rate at 1 per cent for several years, the Bank of Canada reduced it unexpectedly to ¾ per cent in January 2015 and then again to ½ per cent in July.

Financial institutions followed by dropping their prime rates to 2.85 per cent and 2.7 per cent, resulting in a drop in the Foundation's trust account revenue to $766,388 for the year ended March 2016, then further declining to $703,059 for the year ended March 2017.

Historically, equally dramatic interest rate swings, coupled with different methods of calculating interest paid by financial institutions and higher or lower trust account balances, have produced interesting results. The prime rate peaked at 22.75 per cent in August 1981 but trust account revenue was under $300,000. By 1993 – 1994, a different formula for calculating interest payments produced the same amount of trust account revenue with an average prime rate of 5.7 per cent. An average prime of 7.4 per cent in 2001 resulted in trust account revenue of $1.9 million whereas an average rate of 6 per cent in 2008 yielded over $4 million.

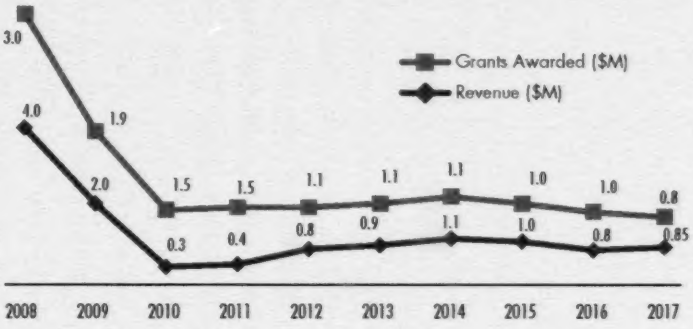
TRUST ACCOUNT REVENUE & PRIME RATES

Fiscal Years Ending 2008 - 2017



TRUST ACCOUNT REVENUE AND GRANTS

Fiscal Years Ending 2008 - 2017



RESERVE FUND MAINTAINS GRANT LEVELS

It was recognized early in the Foundation's history that a severe decline in the prime rate could force the board to reduce or eliminate grants. To help protect against this, the Foundation established a reserve fund in 1986 to be used to maintain regular grants in periods when low interest rates result in insufficient income to fund them. The Foundation has continued to make withdrawals from the reserve fund to maintain operations and a consistent level of funding for the grantees. Although interest revenue dropped dramatically in 2010, grants were maintained at $1.5 million. The grants budget remained at the $1.1 million mark for several years, but the reduction in the prime rate in 2015 and the continued low rate has made it necessary to reduce most grants by 15% for 2017 – 2018 despite the use of supplementary funds from the Foundation's reserve.

During the fiscal year ending March 31, 2017, $51,997 was transferred from the reserve to the general fund. Were it not for interest recovered from prior years and a repayment of an endowment, the transfer would have been in excess of $300,000. As of March 31, 2017, the reserve fund value was $3,154,391.

GRANTS

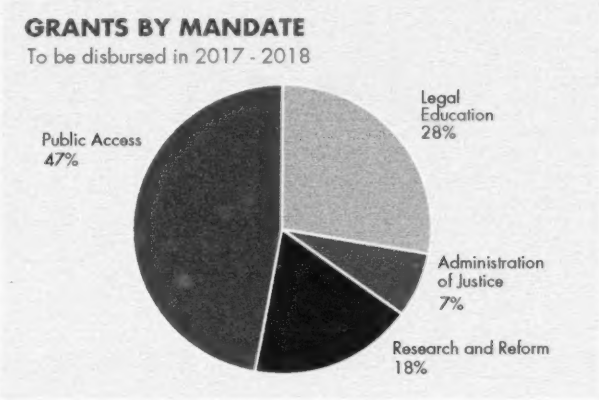
Since its creation in 1976, the Foundation has received approximately $42 million in revenue from interest on lawyers' trust accounts, and has awarded over $39.8 million in grants. These grants have made it possible for community organizations to help Nova Scotians understand the law and to use it to improve their lives while also promoting improvements in the law and excellence within the profession. During the 2016 – 2017 fiscal year, the Foundation awarded grants totaling $798,529 to be disbursed during 2017 – 2018.

GRANTS TO BE DISBURSED IN 2017 – 2018

Grants are categorized according to the Foundation's four mandated objectives. Activities of many of the funded organizations fall under more than one of the objectives.

Grants awarded, by mandate:

Public Access to Law:	$378,099
Legal Education:	$223,692
Research and Reform:	$145,389
Administration of Justice:	$51,349
TOTAL:	**$798,529**


GRANTS BY MANDATE
To be disbursed in 2017 - 2018
Public Access 47%
Legal Education 28%
Administration of Justice 7%
Research and Reform 18%

LAW FOUNDATION SCHOLARSHIP FUND

The Law Foundation established a trust fund in 1981 to provide scholarships to students attending the Schulich School of Law at Dalhousie University. The fund supports scholarships valued at $16,000 for students entering first year, renewable in second and third years provided the recipient maintains a B+ average. Fellowships at the graduate level are also available. The Law Foundation Scholarship Fund has provided $3.8 million in scholarships to support 368 students during the past 36 years.

The 2017 – 2018 scholarships included four entrance and a total of seven second and third-year scholarships. One graduate fellowship valued at $20,000 was also awarded. Scholarship payments for the year totalled $196,000.

Scholarship recipients for 2017 – 2018 are:

Entering 1st Year: Jennifer Bell, Tyler Chaisson, Sarah Dobson, Marc Lewis

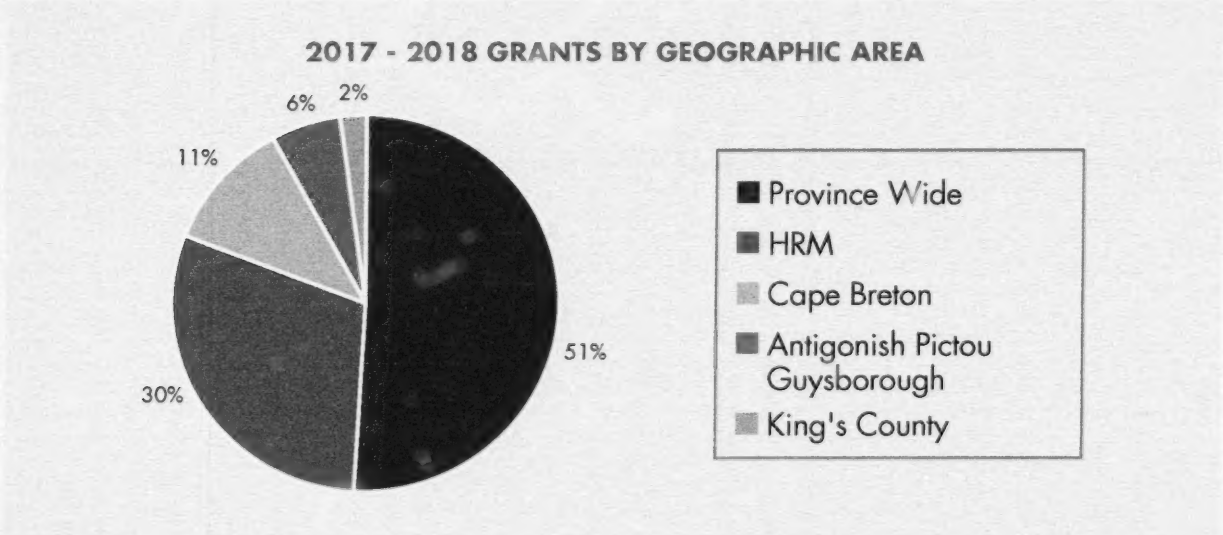
Entering 2nd Year: Raylee Hunter, Jack MacDonald, Cameron Phipps-Burton

Entering 3rd Year: Dakota Vassberg, Adam Karakolis, Mitchell Brown, Katrina Labrun

Graduate Fellowship: Nenyo Kwasitsu

FUNDING GUIDELINES AND APPLICATION PROCEDURES

The board strives to be accountable in the distribution of funds received by the Foundation. The board also endeavours to be transparent and consistent in its evaluation of applications. It takes into consideration where programs will operate and who will benefit from them, as well as whether they fit within the Foundation's mandate. Accountability extends to the careful assessment and consistent monitoring of programs that receive funding. Funding guidelines and grant application procedures may be obtained by contacting the executive director, or by visiting the Foundation's website at ***nslawfd.ca.***



GRANTS TO BE DISBURSED IN 2017 – 2018

Antigonish Women's Resource Centre $48,791

A rural outreach program providing law-related information and individual support for women and adolescent girls in Antigonish and Guysborough Counties and the Strait area

Avalon Sexual Assault Centre $38,811

Sexual assault legal information and education, professional training workshops, support services and policy development aimed at improving the criminal justice process for victims of sexual violence

Coverdale Courtwork Services $43,031

Information and support for women in the criminal court process; counseling and support at parole hearings & pre-release planning

Dalhousie Legal Aid $99,988

Legal services; community development and law reform; an educational experience for 3rd year law students

Elizabeth Fry Cape Breton $64,467

Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education

Elizabeth Fry Mainland $48,043

Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education

EPIC Society $22,140

After school programs for youth in conflict with the law & support for parents

Halifax Refugee Clinic $80,074

A legal clinic to assist financially eligible refugee claimants before the Immigration & Refugee Board & in related matters

I B & M Initiative $44,753

An initiative to increase the representation of Indigenous Blacks & Mi'kmaq people in the legal profession

King's County Seniors' Safety Program $14,918

A program to provide legal, safety & security information on an individual and group basis to seniors in King's County

Law Reform Commission $72,177

Review of provincial laws & recommendations for improvement, modernization and reform

Leave Out Violence (LOVE) $6,760

Youth who have experienced violence are trained to become educators about the root causes, effects & alternatives to violent behavior

Legal Information Society (LISNS) $121,496

Programs providing Nova Scotians with access to legal information & resources to enable them to answer their questions about the law and begin to address their legal issues

Mainline Needle Exchange $30,504

A legal education program for drug users & service providers; legal assistance for drug users in court & correctional institutions

Pro Bono Students Association $13,388

Law students volunteer their time to provide legal services to public interest community organizations

reachAbility $19,407

Access to legal services & plain language information for persons with disabilities across Nova Scotia

Stepping Stone $29,781

Court support & assistance for current or former sex trade workers; workshops for sex trade workers and the legal community; community education

TOTAL GRANTS $798,529

SOME LAW FOUNDATION GRANTEE STORIES

Justice Matters for Women: Rural Outreach in Guysborough and Antigonish Counties is a program of the ANTIGONISH WOMEN'S RESOURCE AND SEXUAL ASSAULT CENTRE. In rural Nova Scotia, a Justice Matters for Women Outreach Worker works with women who need assistance sorting through legal issues and navigating complex systems. ***Justice Matters for Women*** is of particular importance to the women of Guysborough County as only two lawyers practice law within this large rural geographic area. There is no public transportation, thus it is difficult, if not impossible, for many to seek legal services outside of the county. In one example, a woman living in rural Guysborough County contacted the ***Justice Matters for Women*** outreach worker for support with a custody issue when her child was not returned following visitation. Ignoring a court order, the father had moved and registered the child in a new school. The outreach worker assisted the woman in filing an emergency court order, advocated on her behalf to find a lawyer who would accept a legal aid certificate, and accompanied her to meetings with her lawyer and to appear in Court. With changes to court services including the closure of the Guysborough provincial court, this woman has to travel to the Antigonish Justice Centre, a distance of over 160 km. Each time she goes to court she must cover the cost of gas and the expense of childcare, while losing income - time and wages - from her minimum wage job. The services of the outreach worker have allowed her to prepare for and to attend court. She expresses her appreciation, saying simply, "I don't know what I would do without you." For more information go to *awrcsasa.ca.*

THE INDIGENOUS BLACKS AND MI'KMAQ INITIATIVE (I B & M INITIATIVE) at the Schulich School of Law was established in 1989 to reduce structural and systemic discrimination by increasing the representation of Indigenous Blacks and Mi'kmaq in the legal profession. Since the inception of the IB&M Initiative, more than 180 Black and Indigenous law graduates have gone on to successful careers and have taken leadership roles across Nova Scotia and beyond. For more information go to *dal.ca/faculty/law/indigenous-blacks-mi-kmaq-initiative.html.*

The Honourable Ronda van der Hoek

The Honourable Rickcola Brinton

The Honourable Samuel Moreau

The Honourable Catherine Benton

More recently the success of the IB&M Initiative can be measured in part by the appointments of three prominent lawyers (all alumni of the IB&M Initiative) to the Provincial and Family Courts of Nova Scotia, namely the Honourable Judges Ronda van der Hoek, Rickcola Brinton and Samuel Moreau. The IB&M Initiative congratulates the recently appointed Honourable Catherine Benton, the province's first female Mi'kmaq Judge, also a graduate of the Schulich School of Law at Dalhousie University. The courts and the province of Nova Scotia will greatly benefit from their collective experience, expertise and diverse backgrounds.

On October 14, 2016, the INDIGENOUS BLACKS AND MI'KMAQ INITIATIVE hosted the Unveiling Ceremony of Donald Marshall, Jr.'s portrait which hangs proudly in the Weldon Atrium at the Schulich School of Law. Donald Marshall, Jr., a Mi'kmaq from Membertou First Nation, was 17 years old when he was falsely accused and wrongfully convicted of murder and served 11 years in prison for a crime he did not commit. Ultimately, The Royal Commission Into Marshall Prosecution found that "the criminal justice system failed Donald Marshall, Jr. at virtually every turn." The portrait is in honour of his many contributions to the challenge and to the reform of the Canadian criminal justice system and to his contribution toward the increased recognition of treaty rights.

THE KINGS COUNTY SENIORS' SAFETY SOCIETY has a number of initiatives to help seniors with legal matters. One example from the past year was an event to helps seniors avoid fraud. The Society writes, "Over 75 persons attended a two - hour Shredding Event held in New Minas on March 29, 2017. The event was coordinated by the Kings County RCMP, the Kings County Seniors' Safety Society and a sponsor company, Shred –it®. In addition to the shredding activity, information on fraud and identity theft was provided, along with complimentary fraud protection sleeves. Two members of the KCSSS Board, Alan Russell and Ned Chase, donned their yellow Fighting Fraud Together yellow T-Shirts for the event."

THE LAW REFORM COMMISSION OF NOVA SCOTIA is excited to announce that it will soon be publishing its Final Report on recommendations for reform of the ***Matrimonial Property Act***. Over the past year the Commission held meetings across the province, distributed a Discussion Paper and consulted with the public online on how to reform the ***Matrimonial Property Act***. The Commission has sought input from Nova Scotians and has incorporated the publics' insights and commentary into the Final Report on Division of Family Property. For more information go to *lawreform.ns.ca*

The LEGAL INFORMATION SOCIETY OF NOVA SCOTIA (LISNS) was recognized by NS Minister of Justice at a recognition event held at the Nova Scotia Public Legislature on November 3, 2016 by means of the tabling of a Resolution recognizing the LISNS contribution to access to justice for Nova Scotians through innovation.

A wills app, the first of its kind in Canada, was developed by LISNS as a means to provide free online wills assistance for Nova Scotians in order to assist with preparation of a will. This was developed in partnership with IT students through Saint Mary's University Co-Curricular Program; was successfully beta tested with a broad group of users including members of the public, health care workers, retired teachers and front line community service providers; and it was soft launched in March 2017. There are wills clinics initially planned for Bridgewater and soon to be delivered with the support of Public Navigators across Nova Scotia in coordination with other service providers. Pilot programs are planned for hospitals, particularly through palliative care channels. A significant majority of Nova Scotians are without a will which causes great hardship. Wills assistance is a top priority need as identified through the high volume of calls received in the legal information telephone service offered through LISNS. For more information see *wills.legalinfo.org*

In April 2016, The Legal Information Society of Nova Scotia (LISNS) won the CBA-NS 2016 Law Day Award for the public navigator project in recognition of innovation in promoting access to justice for Nova Scotians. For more information see:
nsbs.org/cba-ns-2016-law-day-award-lisns-public-navigator-program

LEAVE OUT VIOLENCE (LOVE) NOVA SCOTIA is a violence prevention and intervention organization that works with youth who have experienced violence. LOVE's programs provide youth with the skills they need to make positive life choices and develop into strong, independent leaders.

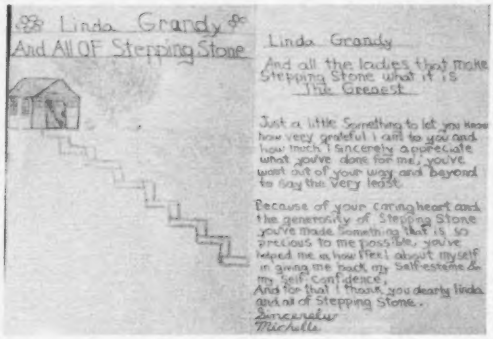
LOVE provided the opportunity for youth to experience exceptional leadership skill development this year. They travelled to Ottawa in the Fall to present to Parliament's Standing Committee on Northern and Aboriginal Affairs on the topic of suicide crisis in Indigenous communities. LOVE participants also travelled to New York City with two LOVE leaders to lead a workshop on resiliency at Canada's Permanent Mission to the United Nations. LOVE is pleased to announce that in the upcoming year their Nova Scotia Leader's Retreat will be run entirely by former LOVE youth. For more information go to *novascotia.leaveoutviolence.org*

MAINLINE is a program of the Micmac Native Friendship Centre that offers support to individuals with addictions issues who are involved with or at risk of being involved with the criminal justice system. This past year their 'Support Don't Punish' campaign was held in partnership with Direction 180. Mainline staff and volunteers communicate with lawyers, judges and others involved with the justice system, making a positive impact, particularly around sentencing. One person writes, " I have been working at Mainline for 25 years and I believe that incarceration only serves to warehouse. The "Support Don't Punish" global campaign in 2016 helps reduce crime and addiction. I feel that incarcerating individuals who have addiction issues would not be a positive response to the campaign as they will receive more peer based support and programming in their communities". The Community-Based Legal Support & Education Project is a major initiative that has improved the lives of many and contributed to improved community health. For more information go to *mainlineneedleexchange.ca.*

reachAbility
LOVE LEARN LIVE

REACHABILITY In 2016 – 2017, the reachAbility Association partnered with the Immigrant Services Association of Nova Scotia (ISANS) to develop and deliver a series of community outreach presentations on Law and Disability for newcomers to Nova Scotia. Presentations are delivered in plain language with translation services, on the subjects of disability law and human rights in health care and employment. The reachAbility Legal Services team has brought together lawyers and legal scholars to present expert knowledge to help clients, working in conjunction with health and employment settlement coordinators at ISANS.

The reachAbility lawyer referral service continues to expand, both geographically and in specific areas of law. Each year new lawyers volunteer to offer hour-long pro bono consultations, completely free of charge, in accessible spaces, and targeted to clients who identify as having disabilities or mental health barriers. For more information go to *reachability.org*.


Linda Grandy
And All OF Stepping Stone

Linda Grandy
And all the ladies that make Stepping Stone what it is
The Greatest

Just a little Something to let you know how very grateful I am to you and how much I sincerely appreciate what you've done for me, you've went out of your way and beyond to say the very least.

Because of your caring heart and the generosity of Stepping Stone you've made Something that is so precious to me possible, you've helped me in how I feel about myself in giving me back my Self-esteem & my Self confidence.
And for that I thank you dearly linda and all of Stepping Stone.
Sincerely
Michelle

STEPPING STONE provides a range of supports to current and former male, female, and transgendered sex workers in HRM. The Law Foundation of Nova Scotia funds a Court Support / Prison Outreach Worker position. Stepping Stone clients at Burnside have shown their gratitude for the services they receive with what limited resources they have, creating hand-made cards of appreciation, and, taking a great amount of time and thought to create the cards.

Specifically, the Court Support / Prison Outreach Worker assists program users to navigate through the court system, advocates on their behalf, and maintains a strong connection with them in the community. Program users are encouraged to make good choices, empowered to move toward positive change, and helped to work toward creating a brighter sustainable future for themselves. For more information go to *steppingstonens.ca*.

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Grant Thornton

Financial Statements

Law Foundation of Nova Scotia

March 31, 2017

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Independent auditor's report

To the Members of the Board of the
Law Foundation of Nova Scotia

We have audited the accompanying financial statements of the Law Foundation of Nova Scotia, which comprise the statement of financial position as at March 31, 2017, and the statements of operations for the general and reserve fund, statements of changes in net assets for the general and reserve fund and statement of cash flows for the year ended March 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The Law Foundation of Nova Scotia derives substantially all of its revenue from interest credited by financial institutions of Nova Scotia Barristers' Society members' mixed trust funds which is not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts received from financial institutions and recorded in the records of the Law Foundation of Nova Scotia. Therefore we were unable to determine whether any adjustments might be necessary for revenue, excess of revenue over expenses, and cash flow from operations for the years ended March 31, 2017 and 2016, assets as at March 31, 2017 and 2016 and net assets as at April 1, 2016 and 2015 and March 31, 2017 and 2016. Our audit opinion on the financial statements for the year ended March 31, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Law Foundation of Nova Scotia as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

Grant Thornton LLP

Halifax, Canada
June 2, 2017

Chartered Professional Accountants
Licensed Public Accountants

Audit • Tax • Advisory
Grant Thornton LLP. A Canadian Member of Grant Thornton International Ltd

Law Foundation of Nova Scotia
Statement of operations and changes in general fund

Year ended March 31	2017	2016
Revenue		
Interest on trust accounts	$ 703,059	$ 766,388
Interest recovery from prior years	151,454	-
Interest on investments	714	707
Miscellaneous Income	2,190	494
Return of endowment funds	100,000	-
	957,417	767,589
Grants disbursed	798,529	995,383
	158,888	(227,794)
Expenditures		
Accounting and audit	8,625	8,338
Amortization	463	577
Bank charges	431	388
Consulting	2,248	3,229
Director's insurance	1,908	1,889
Miscellaneous	4,695	750
Office	8,516	11,348
Rent and common area	19,025	19,604
Salaries and benefits	157,598	131,538
Telephone	1,710	2,693
Travel and meetings - board	4,659	1,897
Travel - staff and chair	1,007	1,911
	210,885	184,162
Deficiency of revenue over expenditures	$ (51,997)	$ (411,956)
General fund, beginning of year	$ -	$ -
Deficiency of revenue over expenditures	(51,997)	(411,956)
Transfer from reserve fund	51,997	411,956
General fund, end of year	$ -	$ -

See accompanying notes to the financial statements

Law Foundation of Nova Scotia
Statement of operations and changes in reserve fund

Year ended March 31	2017	2016
Revenue		
Interest on investments	$ 37,049	$ 28,024
Dividend income	83,811	63,962
Change in market value of investments	287,499	(11,276)
	408,359	80,710
Expenditures		
Brokers' and investment management fees	30,874	19,953
Excess of revenue over expenditures	$ 377,485	$ 60,757
Reserve fund, beginning of year	$ 2,828,903	$ 3,180,102
Excess of revenue over expenditures	377,485	60,757
Transfer to general fund	(51,997)	(411,956)
Reserve fund, end of year	$ 3,154,391	$ 2,828,903

See accompanying notes to the financial statements

Law Foundation of Nova Scotia
Statement of financial position

March 31	2017	2016
Assets		
Current		
Cash	$ 305,137	$ 275,211
Prepaids	2,472	2,293
	307,609	277,504
Investments (note 3)	3,671,394	3,551,376
Equipment (note 4)	1,848	2,311
	$ 3,980,851	$ 3,831,191
Liabilities		
Current		
Payables and accruals (note 5)	$ 8,246	$ 6,905
Designated grants payable (note 6)	818,214	995,383
	826,460	1,002,288
Fund balances		
Reserve fund	3,154,391	2,828,903
	$ 3,980,851	$ 3,831,191

Commitment (note 7)

On behalf of the Board

Director

Director

Law Foundation of Nova Scotia
Statement of cash flows

Year ended March 31	2017	2016
Increase (decrease) in cash and cash equivalents		
Operating		
Excess (deficiency) of revenue over expenditures	$ 325,488	$ (351,199)
Items in earnings not involving cash		
Amortization	463	577
Unrealized (gain) loss on investments	(287,499)	11,276
Reinvested dividends	(5)	(6,750)
	38,447	(346,096)
Change in non-cash working capital balances		
Prepaids	(179)	1,876
Payables and accruals	1,341	(2,190)
Designated grants payable	(177,169)	(11,423)
	(137,560)	(357,833)
Investing		
Purchase of investments	(517,344)	(1,819,914)
Proceeds on disposal of investments	684,830	2,230,145
	167,486	410,231
Net increase in cash and cash equivalents	29,926	52,398
Cash and cash equivalents		
Beginning of year	275,211	222,813
End of year	$ 305,137	$ 275,211

See accompanying notes to the financial statements

Law Foundation of Nova Scotia
Notes to the financial statements
March 31, 2017

1. Nature of operations

The Law Foundation of Nova Scotia (the "Foundation") was established in 1976 by a Nova Scotia statute as a not-for-profit organization and is exempt from income tax. Its purpose is to grant funds to groups for projects connected with the law.

2. Summary of significant accounting policies

Basis of presentation
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant policies used in the preparation of these statements are detailed as follows:

Fund accounting
The Board has internally restricted funds to finance future operations of the Foundation. The net investment income earned on these assets is recorded in the reserve fund.

The general fund accounts for the Foundation's day-to-day activities which include the interest income on the lawyers' trust accounts, the interest income on the investments, less grants approved and paid, and the administrative expenses for running the Foundation.

Cash
Cash includes cash balances on hand and held in investment accounts.

Investments
The investments of the Foundation consist of money market funds, fixed income securities, and equities. They are measured at fair value with changes in fair value recognized in the statement of operations and changes in reserve fund in the period in which they arise.

Equipment
The cost of equipment is amortized over its useful life using the following annual rates and methods:

	Rate	Method
Office equipment	20%	Declining balance
Furniture and fixtures	20%	Declining balance

When equipment no longer has any long term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

Financial instruments
Initial measurement
The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation has also irrevocably elected to measure its investments in fixed income securities at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in fixed income securities are recorded in the statement of operations. The financial instruments measured at amortized cost are accrued interest receivable and payables and accruals.

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure as at the date of the financial statements.

i) Credit risk
The Foundation is exposed to credit risk in the event of non-performance by counterparties to financial instruments. The Foundation is not exposed to any significant credit risk.

ii) Liquidity risk
Liquidity risk is the risk that the Foundation will not be able to pay financial liabilities as they come due. The majority of assets held by the Fund are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise.

iii) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Foundation segregates market risk into three categories: interest rate risk, currency risk and other price risk.

Interest rate risk
The Fund holds cash, money market funds and fixed income investments of $1,476,326 at year end (2016 - $1,764,661). A 1% absolute change in interest rates would increase or decrease interest income by $14,763 (2016 - $ 17,650).

Currency risk
The Fund's functional currency is the Canadian dollar. Foreign currency risk arises from the Foundations investments that are denominated in in a foreign currency. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in positive or negative effect on the fair value of the investments. The Foundation holds $1,160,032 (2016 - $1,102,629) in cash and investments denominated in United States Dollars. A 5% absolute change in the foreign exchange rate would result in a gain or loss of $58,002 (2016 - $55,131).

Other price risk
Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those occurring from interest rate risk or currency risk. Securities held for trading are carried at fair value and, as such, impact earnings as changes occur. Investments held by the Foundation are managed by professional investment managers and are monitored by management.

2. Summary of significant accounting policies (continued)

Revenue recognition
Interest on trust accounts is recorded in the General Fund on an accrual basis.

Interest income and dividend income are recorded on an accrual basis, in the General or Reserve Fund.

Realized gains or losses on sale of investments are the difference between the proceeds received and the cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

Use of estimates
The preparation of the financial statements in conformity with ASNPO requires the Foundation's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective judgments by management that may be uncertain. These items could include fair value of investments and useful lives of capital assets. Actual results could differ from those reported.

3. Investments

	2017		2016	
	Cost	Market Value	Cost	Market Value
Equities and mutual funds	$ 2,169,442	$ 2,500,205	$ 2,169,549	$ 2,061,929
Fixed income	949,382	969,345	1,448,161	1,465,267
Money market fund	200,000	201,844	24,194	24,181
	$ 3,318,824	$ 3,671,394	$ 3,641,904	$ 3,551,376

4. Equipment

	Cost	Accumulated Depreciation	2017 Net Book Value	2016 Net Book Value
Office equipment	$ 30,718	$ 29,227	$ 1,491	$ 1,864
Furniture and fixtures	8,769	8,412	357	447
	$ 39,487	$ 37,639	$ 1,848	$ 2,311

5. Payables and accruals

Included in payables and accruals are government remittances payable of $5,658 (2016 - $4,317).

6. Designated grants payable

	2017	2016
Grants approved in the current year	$ 798,529	$ 995,383
Unpaid grants approved in 2016	19,685	-
Grants payable	$ 818,214	$ 995,383

Grants that have been approved but remain unpaid at year end are reported as current liabilities.

7. Commitment

The Foundation rents its premises under a long term lease which expires June 30, 2019. Estimated annual costs are $20,000, including annual base rental and common area costs.

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